

Message Text

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ACTION EA-14

INFO OCT-01 ISO-00 NEA-11 FEA-02 INT-08 SPC-03 SAM-01

AID-20 EB-11 NSC-10 RSC-01 CIEP-02 TRSE-00 SS-20

STR-08 OMB-01 CEA-02 CIAE-00 COME-00 FRB-02 INR-10

NSAE-00 XMB-07 OPIC-12 LAB-06 SIL-01 L-03 H-03 PA-04

PRS-01 USIA-15 IO-14 DRC-01 /194 W

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R 190615Z FEB 74

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 062

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E.O. 11652: N/A

TAGS: EAID, JA

SUBJECT: JAPANESE AID PROGRAMS: FUTURE OF UNTYING AND GROWTH
OF OFFICIAL DEVELOPMENT ASSISTANCE

SUMMARY: MINISTRY OF FINANCE OFFICIAL REPORTEDLY INDICATES
JAPAN'S ALTERED BALANCE OF PAYMENTS SITUATION WILL RETARD
UNTYING OF JAPAN'S AID AND GROWTH OF OFFICIAL DEVELOPMENT
ASSISTANCE. OECF PRESIDENT OKITA GIVES MORE OPTIMISTIC
ASSESSMENT. END SUMMARY.

1. NIHON KEIZAI FEBRUARY 13 REPORTED THAT MINISTRY OF
FINANCE (MOF) HAD DRAWN UP ITS BASIC FOREIGN AID POLICY
IN LIGHT OF JAPAN'S ALTERED BALANCE OF PAYMENTS SITUATION
AND PRESENTED THE POLICY TO LDP FOREIGN ECONOMIC AID COM-
MITTEE. MAIN POINTS OF POLICY REPORTEDLY AS FOLLOWS:

A) EXPANSION OF UNTIED AID CANNOT BUT SLOW
TEMPORARILY; B) IN PRINCIPLE, AID TO MIDDLE EAST QTE
FOR PURPOSE OF SECURING CRUDE OIL UNQTE WILL BE TIED;
C) OTHER HAND, AID TO SOUTHEAST ASIA COUNTRIES WHICH
QTE NOT DIRECTLY CONNECTED WITH OIL PROBLEM UNQTE WILL
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BE UNTIED FOR LDC PROCUREMENT; AND, D) RATE OF

GROWTH OF OFFICIAL DEVELOPMENT ASSISTANCE WILL BE SLOWED SOMEWHAT ALTHOUGH ABSOLUTE AMOUNT WILL BE STEADILY INCREASED.

2. DURING CONVERSATION FEBRUARY 13 WITH SABURO OKITA, PRESIDENT, OVERSEAS ECONOMIC COOPERATION FUND, ECONCOM/MIN REFERRED TO PRESS ACCOUNTS AND SOLICITED OKITA'S VIEWS. OKITA REPLIED AS FOLLOWS:

A) RE UNTYING, IT QTE REASONABLE UNQTE THAT LOANS TO OIL PRODUCING COUNTRIES BE TIED AS SUCH LOANS ARE IN EFFECT ADVANCE PAYMENTS FOR OIL IMPORTS. OTHER HAND, GOJ LIKELY CONTINUE LDC UNTYING FOR SOUTHEAST ASIA COUNTRIES IN SPITE OF JAPAN'S BALANCE OF PAYMENTS SITUATIONS.

B) ONE RESULT OF OIL CRISIS HAS BEEN INCREASED JAPANESE AWARENESS OF DEPENDENCE OF JAPANESE ECONOMY ON OTHER COUNTRIES AND LDC'S IN PARTICULAR. THUS, IT UNLIKELY THAT PRESENT CRISIS WILL SUBSTANTIALLY WEAKEN JAPAN'S AID EFFORT, SPECIFICALLY ODA. TO THE CONTRARY, QTE SOME POSITIVE EFFORT UNQTE BY GOJ IS LIKELY IN VIEW OF REALIZATION OF DEPENDENCE ON OUTSIDE SOURCES OR SUPPLY.

3. IN RESPONSE TO EMBOFF'S QUERY FEBRUARY 15 RE PRESS REPORT PARA 1, WATANABE, DEPUTY HEAD, FIRST ECONOMIC COOPERATION, FONOFF, ADVISED THAT MOF REP'S REMARKS TO LDP COMMITTEE HAD NOT BEEN TOO SPECIFIC AND THAT EMBASSY SHOULD NOT OVEREMPHASIZE THEIR IMPORTANCE. IN PARTICULAR, ACCORDING WATANABE, MOF REP'S REMARKS ON UNTYING WERE NOT PREPARED STATEMENT OF FORMAL POSITION BUT SIMPLY RESPONSE TO COMMITTEE MEMBER'S QUESTION.

4. COMMENT: CHANGING BALANCE OF PAYMENTS SITUATION, PM TANAKA'S TRIP TO SOUTHEAST ASIA AND DEVELOPMENT OF CLOSER RELATIONS WITH MIDDLE EAST COUNTRIES WILL ALL AFFECT JAPAN'S AID POLICIES IN COMING MONTHS, BUT IT IS PREMATURE TO DRAW FIRM CONCLUSIONS AS TO ANY CHANGES IN DIRECTION AT THIS TIME. DIFFERING VIEWS EXPRESSED BY MOF AND OKITA ARE REFLECTION OF INTRA-LIMITED OFFICIAL USE

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GOJ DISCUSSION ON AID POLICIES.
SHOESMITH

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
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Current Classification: UNCLASSIFIED
Concepts: ECONOMIC ASSISTANCE, LESS DEVELOPED COUNTRIES, FOREIGN ASSISTANCE, FOREIGN POLICY POSITION
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Copy: SINGLE
Draft Date: 19 FEB 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: morefirh
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
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Drafter: n/a
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